

Message Text

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72

ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 SAM-01 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 FEA-02 INT-08 AF-10 EA-11 EUR-25 NEA-11

IO-14 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01 USIA-15

DRC-01 /253 W

----- 059273

R 042025Z FEB 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 2621

INFO AMEMBASSY SAN JOSE

AMEMBASSY MANAGUA

AMEMBASSY GUATEMALA

AMEMBASSY TEGUCIGALPA

AMEMBASSY SAN SALVADOR

UNCLAS CARACAS 1072

EO 11652: NA

TAGS: ENRG EFIN VE

SUBJ: CENTRAL AMERICAN ECONOMIC MINISTERS MEET WITH CAP

1. ECONOMIC MINISTERS FROM CENTRAL AMERICA MET WITH PRESIDENT-ELECT CARLOS ANDRES PEREZ (CAP) WHO TOLD THEM HE WOULD TAKE INITIATIVE IN CALLING FOR LATIN AMERICAN CONFERENCE TO MAP COMMON STRATEGY FOR CONTINENT'S RAW MATERIALS. MINISTERS HAD BEEN MEETING WITH GOV MINISTRIES OF FINANCE AND MINES AND HYDROCARBONS WITH VIEW TOWARD OBTAINING MORATORIUM ON OIL PRICE INCREASES OR SPECIAL PRICES FOR LDC'S IN LATIN AMERICA. CARLOS ANDRES PEREZ SAID HE DID NOT FAVOR SPECIAL OIL PRICES FOR LATIN AMERICAN COUNTRIES BECAUSE PREFERENTIAL TREATMENT COULD LEAD TO DISTORTION AND CHAOTIC SITUATION. HOWEVER, HE INDICATED THAT VENEZUELA MAY USE ITS INCREASED OIL REVENUE AVAILABLE TO LDC'S THROUGH PUMPING

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MONEY INTO CENTRAL AMERICAN DEVELOPMENT BANK OR NEW TYPE LATIN

AMERICAN DEVELOPMENT BANK. CAP EMPHASIZED THAT WHILE SUCH BANK COULD INVOLVE U.S. PARTICIPATION, LATIN AMERICAN COUNTRIES WOULD MAKE FINAL DECISIONS ON MATTERS AFFECTING REGION.

2. CAP EMPHASIZED NECESSITY OF ECONOMIC INTEGRATION FOR LATIN AMERICAN AND CITED EXAMPLE OFEEC, UNITED STATES, SOVIET UNION, CHINA AND EASTERN EUROPE AS PRODUCTS OF INTEGRATION. HE SAID, "THERE IS NO OTHER REMEDY FOR OUR AMERICA THAN TO PUT ITSELF IN STEP WITH THIS INTEGRATIONIST WORLD."

3. CALDERA GOVERNMENT SEEMS TO SUPPORT PROPOSITION FOR VENEZUELAN OIL RESOURCES TO AID LATIN AMERICAN DEVELOPMENT. FINANCE MINISTER OBERTO SAID VENEZUELA WOULD PUT ASIDE PART OF ADDITIONAL OIL REVENUES FOR LOANS TO LESS FORTUANTE LATIN NEIGHBORS. HE SAID VENEZUELA, "...WAS A COUNTRY WHICH HAS GONE FROM BEING A DEBTOR TO A CREDITOR" WOULD CHANNEL PARTY OF COUNTRY'S BS. OVER 20 BILLION IN ADDITIONAL REVENUES IN CREDITS TO LATIN AMERICA. HE SAID PART OF REVENUE FUND WOULD BE USED FOR LOANS EITHER DIRECTLY OR THROUGH INTERNATIONAL FINANCIAL ORGANIZATIONS TO LDC'S. IN ORDER TO SOFTEN ENERGY BLOW FOR LATIN AMERICA, ACCORDING TO OBERTO, "WE MUST ASSUME OUR RESPONSIBILITY WITHIN FRAMEWORK OF INTERNATIONAL SOCIAL JUSTICE PUT FORTH BY PRESIDENT CALDERA, BECAUSE VENEZUELA AS A COUNTRY WHICH HAS GONE FROM BEING A DEBTOR TO A CREDITOR MUST FULFILL ITS DUTY TOWARD DEVELOPING COUNTRIES." OBERTO SAID REVENUE FUND WAS FIRST CONCEIVED IN NOVEMBER AS MEANS OF KEEPING EXCESSIVE AMOUNTS OF OIL INCOME OUT OF VENEZUELAN ECONOMY. THINKING NOW IS THAT FUND SHOULD REPRESENT APPROXIMATELY 50 PER CENT OF ADDITIONAL REVENUES WITH REMAINDER OF THE FUND INVESTED IN SECURITIES WHICH WILL BE AVAILABLE WHEN NEED ARISES.

4. ACCORDING TO NEWS REPORTS CENTRAL AMERICAN ECONOMIC MINISTERS HAD HOPED TO OBTAIN SOMETHING MORE CONCRETE IN TERMS OF OIL PRICES BUT RETURNED WITH ONLY PROMISES OF AVAILABILITY OF LOANS FROM VENEZUELA'S OIL REVENUE.
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